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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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- ☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES ACT OF 1934
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES ACT OF 1934

For the Quarter Ended March 28, 1992

Commission File Number 0-5971

WOODHEAD INDUSTRIES, INC.

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DELAWARE

(State or other jurisdiction of
incorporation or organization)

MAY 14 1992

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36-1982580

(I.R.S. Employer Identification
Number)

3411 WOODHEAD DRIVE NORTHBROOK, ILLINOIS

(Address of principal executive offices)

630

60062

(Zip Code)

Registrant's telephone number including area code

(708) 272-8181

NO CHANGE

(Former name, former address or former fiscal year, if changes since last reports)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

On May 1, 1992 there were 3,266,055 shares of the Registrant's common stock outstanding.

PART I. FINANCIAL INFORMATION

WOODHEAD INDUSTRIES, INC. CONDENSED CONSOLIDATED BALANCE SHEETS March 28, 1992 and September 28, 1991

	ASSETS	(Amounts in thousands)	
		Unaudited	
CURRENT ASSETS		<u>3/28/92</u>	<u>9/28/91</u>
Cash and short-term securities		\$ 3,796	\$ 2,549
Accounts receivable		9,947	8,636
Inventories (Note 3)		7,015	8,560
Prepaid expenses		<u>3,941</u>	<u>3,285</u>
Total current assets		<u>\$24,699</u>	<u>\$23,030</u>
OTHER ASSETS		\$ 2,153	\$ 2,354
PROPERTY, PLANT & EQUIPMENT, at cost		\$42,652	\$40,887
Less - Accumulated depreciation		<u>(26,345)</u>	<u>(24,996)</u>
Net property, plant and equipment		<u>\$16,307</u>	<u>\$15,891</u>
GOODWILL		<u>\$ 2,417</u>	<u>\$ 2,434</u>
TOTAL ASSETS		<u>\$45,566</u>	<u>\$43,709</u>
LIABILITIES & STOCKHOLDERS' INVESTMENT			
CURRENT LIABILITIES		\$ 4,252	\$ 3,798
Accounts payable		7,320	6,288
Accrued expenses		<u>851</u>	<u>1,501</u>
Income taxes		<u>\$12,423</u>	<u>\$11,587</u>
Total current liabilities			
DEFERRED INCOME TAXES		<u>\$ 1,909</u>	<u>\$ 2,060</u>
LONG-TERM DEBT		<u>\$ 500</u>	<u>\$ 500</u>
STOCKHOLDERS' INVESTMENT: (Note 5)			
Preferred stock		\$ -	\$ -
Common stock		3,735	3,735
Additional paid-in capital		5,240	5,339
Cumulative translation adjustment		216	338
Retained earnings		29,204	28,296
Less: Treasury stock at cost (471 shares and 500 shares)		<u>(7,661)</u>	<u>(8,146)</u>
Total stockholders' investment		<u>\$30,734</u>	<u>\$29,562</u>
TOTAL LIABILITIES & STOCKHOLDERS' INVESTMENT		<u>\$45,566</u>	<u>\$43,709</u>

See accompanying notes to condensed consolidated financial statements.

WOODHEAD INDUSTRIES, INC
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in thousands, unaudited)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>3/28/92</u>	<u>3/30/91</u>	<u>3/28/92</u>	<u>3/30/91</u>
NET SALES	\$20,173	\$19,475	\$38,429	\$37,031
COST OF SALES	<u>11,290</u>	<u>11,396</u>	<u>21,662</u>	<u>21,377</u>
GROSS PROFIT	\$ 8,883	\$ 8,079	\$16,767	\$15,654
% of Net Sales	44.0%	41.5%	43.6%	42.3%
OPERATING EXPENSES	<u>7,056</u>	<u>6,303</u>	<u>13,318</u>	<u>12,218</u>
INCOME FROM OPERATIONS	\$ 1,827	\$ 1,776	\$ 3,449	\$ 3,436
OTHER EXPENSES, NET	<u>100</u>	<u>1,352</u>	<u>160</u>	<u>1,523</u>
INCOME BEFORE INCOME TAXES	\$ 1,727	\$ 424	\$ 3,289	\$ 1,913
PROVISION FOR INCOME TAXES	<u>\$ 667</u>	<u>\$ 250</u>	<u>\$ 1,279</u>	<u>\$ 914</u>
NET INCOME	<u>\$ 1,060</u>	<u>\$ 174</u>	<u>\$ 2,010</u>	<u>\$ 999</u>
NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE (Note 4)	<u>\$ 0.32</u>	<u>\$ 0.05</u>	<u>\$ 0.61</u>	<u>\$ 0.31</u>
COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING (Note 4)	<u>3,334</u>	<u>3,198</u>	<u>3,311</u>	<u>3,196</u>
DIVIDENDS PER SHARE	<u>\$ 0.17</u>	<u>\$ 0.17</u>	<u>\$ 0.34</u>	<u>\$ 0.34</u>

See accompanying notes to condensed consolidated financial statements.

WOODHEAD INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(Amounts in thousands - unaudited)

	<u>Six Months Ended</u>	
	<u>3/28/92</u>	<u>3/30/91</u>
Cash Flows from Operating Activities:		
Net income for the period	\$ 2,010	\$ 999
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	1,654	1,474
Change in Assets and Liabilities, net of effects from purchase of Advanced Interconnect, Inc.		
Decreases/(Increases)in		
Accounts receivable	(1,311)	480
Inventories	1,545	1,523
Prepaid expenses	(656)	264
Other assets	19	(141)
Increases/(Decreases)in:		
Accounts payable	454	(989)
Accrued expenses	1,032	704
Income taxes	(650)	(160)
Deferred income taxes	(151)	392
Net cash flows provided by operating activities	<u>\$ 3,946</u>	<u>\$ 4,546</u>
Cash Flows from Investing Activities:		
Purchases of property, plant & equipment	\$(1,870)	\$(1,846)
Acquisition of Advanced Interconnect, Inc.	-	(5,350)
Retirements or sales of property, plant and equipment	2	4
Net cash flows used for investing activities	<u>\$(1,868)</u>	<u>\$(7,192)</u>
Cash Flows from Financing Activities:		
Payments on short-term debt	\$ -	\$ (159)
Proceeds from long-term debt	-	12,325
Payments on long-term debt	-	(11,858)
Sales of stock	386	117
Dividend payments	(1,102)	(1,086)
Net cash flows used for financing activities	<u>\$ (716)</u>	<u>\$ (661)</u>
Effect of exchange rate changes on cash	<u>\$ (115)</u>	<u>\$ (151)</u>
Net (Decrease) Increase in Cash & short-term securities	<u>\$ 1,247</u>	<u>\$(3,458)</u>
<u>Supplemental disclosures of cash flow information:</u>		
Cash paid during the period for:		
Interest	\$ 20	\$ 103
Income taxes	\$ 2,275	\$ 185

See accompanying notes to condensed consolidated financial statements.

WOODHEAD INDUSTRIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 28, 1992

- (1) The condensed consolidated balance sheets as of March 28, 1992, and September 28, 1991, and the condensed consolidated statements of income and cash flow for the quarters ended March 28, 1992 and March 30, 1991, reflect, in the opinion of the company, all adjustments necessary to present fairly the financial position for such periods. All such adjustments were of a normal recurring nature except for the pretax charge relating to various litigation matters as noted in the Management's Discussion and Analysis section. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to S.E.C. rules and regulations, although the company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the company's latest annual report on Form 10-K.
- (2) The results of operations for the quarters ended March 28, 1992, and March 30, 1991, are not necessarily indicative of the results to be expected for the full year.
- (3) It is the company's policy to take an annual physical inventory in conjunction with the preparation of the annual consolidated financial statements. The estimated breakdown of raw material, work-in-process, and finished goods inventories as of March 28, 1992, and September 28, 1991, was as follows:

	(in thousands)	
	3/28/92	9/28/91
Raw materials	\$ 5,311	\$ 5,951
Work-in-process and finished goods	<u>6,062</u>	<u>6,793</u>
Inventories before LIFO reserve	11,373	12,744
Less: Reserve to reduce to LIFO	<u>(4,358)</u>	<u>(4,184)</u>
Inventories, net	<u>\$ 7,015</u>	<u>\$ 8,560</u>

- (4) For the periods ending March 28, 1992, net earnings per share is based upon the average number of common and common equivalent shares outstanding during the period (3,334,000 and 3,311,000 for the quarter and for the six months ended March 28, 1992, respectively) in order to give effect to the possible dilution of common stock equivalents during the period. For the periods ending March 30, 1991, net earnings per share is based upon the weighted average number of common shares outstanding during the period (3,198,000 and 3,196,000 for the quarter and for the six months ended March 30, 1991, respectively).
- (5) Authorized stock is 20,000,000 shares consisting of 10,000,000 shares of preferred stock, par value \$1.00 per share, and 10,000,000 shares of common stock, par value \$1.00 per share. No shares of preferred stock have been issued. Common shares outstanding as of March 28, 1992 and September 28, 1991 were 3,264,000 and 3,235,000, respectively. There were 471,000 Treasury shares March 28, 1992 and 500,000 shares September 28, 1991.

- (6) In December, 1990, the Financial Accounting Standards Board issued a new statement on accounting for post retirement benefits other than pensions. This new standard requires that the expected cost of the benefits be charged to expense during the years in which the employees render services rather than recognizing these costs on a cash basis which is the Company's present policy. The Company is required to adopt the new accounting and disclosure rules no later than fiscal 1994, although earlier implementation is permitted. The Company may adopt the new standard prospectively by amortizing it over 20 years or via a cumulative catch-up adjustment.

The Company has not yet decided which method it will adopt. Based on the Company's current provisions and a preliminary review, the Company expects the cumulative catch-up adjustment to be in the range of \$1,400,000 to \$1,750,000 (pre-tax). On an on-going basis, if the cumulative catch-up adjustment is adopted, the annual incremental expense would be in the range of \$160,000 to \$200,000 (pre-tax) per year.

WOODHEAD INDUSTRIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

The level of working capital increased by \$.8 million for the first six months of fiscal 1992 with a current ratio of 2.0/1, the same level recorded at the end of the prior fiscal year. Long-term debt was unchanged during the quarter and there was no short-term debt. The resultant debt to equity ratio remained minimal at 1.6%. Return on assets increased to 8.8% from 8.4% and return on equity improved to 13.0% from 12.2% for the comparable 12 month periods ending March 28, 1992 and March 30, 1991, respectively. The company's financial position remains strong and significant borrowing capacity is available should the need arise.

OPERATING RESULTS

Second quarter net sales of \$20.2 million increased 4% from the \$19.5 million recorded for the same period last year. This was the result of continued strength in domestic sales, especially in the Company's electrical products unit, and a rise in international demand during the quarter. The backlog of unfilled orders was \$6.1 million compared with \$5.9 million at fiscal 1991 year-end and \$6.9 million reported one year ago. Selling prices were approximately 1% higher than a year ago.

Gross profit of \$8.9 million was \$.8 million or 10% higher compared with the same quarter of last year with gross profit margins improving to 44.0% from 41.5%. This margin gain was the result of favorable product mix from new product introductions, higher factory output, and more efficient production.

Operating expenses were \$7.1 million for the quarter or 12% more than the \$6.3 million incurred for the second quarter of fiscal 1991. Planned spending for selling and advertising programs and product development in addition to inflationary increases accounted for the year-to-year increases. There was nothing of an unusual or unexpected nature in the increase.

Other expenses, net, were \$1.3 million below the prior year quarter chiefly due to the inclusion of a \$1.2 million litigation reserve established last year.

Net income of \$1.1 million or \$.32 per share was up significantly from the \$.2 million or \$.05 per share recorded a year ago. Excluding the non-recurring litigation charge, \$.7 million after taxes, earnings would have increased 18% from the second quarter of 1991. In addition to the litigation charge already noted, this improvement was attributed to the sales gains and margin improvement.

PART II. OTHER INFORMATION

WOODHEAD INDUSTRIES, INC.

Item 1. Legal proceedings

Reference is made to Item 3, Legal Proceedings in the Company's annual report on Form 10-K for the fiscal year ended September 28, 1991 and Item 1, Legal Proceedings, in the Company's quarterly report on Form 10-Q for the quarter ended March 30, 1991, for a description of a Michigan State court action entitled Richard Hall, et al v. Aero-Motive Company. On May 4, 1992, subsequent to the close of the Company's fiscal 1992 second quarter, Aero-Motive Company, a wholly owned subsidiary of the Company, tentatively settled all of the claims against it in the above referenced suit. Because of adequate reserves, the settlement will result in no charge against the Company's earnings. All of the plaintiffs' claims will be dismissed with prejudice following the settlement.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(11) Computation of earnings per common and common equivalent share

(Amounts in thousands, except per share data-unaudited)	Three Months Ended 3/28/92		Six Months Ended 3/28/92	
	Primary	Fully Diluted	Primary	Fully Diluted
Net Income	<u>\$1,060</u>	<u>\$1,060</u>	<u>\$2,010</u>	<u>\$2,010</u>
Weighted average common shares	3,248	3,248	3,242	3,242
Incremental shares issuable for stock options outstanding (Treasury stock method)	<u>86</u>	<u>114</u>	<u>69</u>	<u>114</u>
Common and common equivalent shares	<u>3,334</u>	<u>3,362</u>	<u>3,311</u>	<u>3,356</u>
Earnings per common and common equivalent share	<u>\$ 0.32</u>	<u>\$ 0.32</u>	<u>\$ 0.61</u>	<u>\$ 0.60</u>

(b) There were no reports on Form 8-K filed during the quarter ended March 28, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

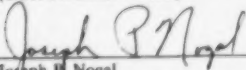
WOODHEAD INDUSTRIES, INC.



Robert G. Jennings
Vice President - Finance
(Chief Financial Officer)

5/8/92

Date



Joseph H. Nogal
Treasurer/Controller
(Chief Accounting Officer)

5/8/92

Date